

TAMMY BALDWIN
2ND DISTRICT, WISCONSIN

Website: tammybaldwin.house.gov

COMMITTEE ON
ENERGY AND COMMERCE
SUBCOMMITTEE ON HEALTH
SUBCOMMITTEE ON
ENVIRONMENT AND THE ECONOMY

Congress of the United States
House of Representatives
Washington, DC 20515

February 14, 2012

2446 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
TEL.: (202) 225-2906
FAX: (202) 225-6942

10 EAST DOTY STREET, SUITE 405
MADISON, WI 53703
TEL.: (608) 258-9800
FAX: (608) 258-9808

400 EAST GRAND AVENUE, SUITE 402
BELOIT, WI 53511
TEL.: (608) 362-2800
FAX: (608) 362-2838

Hon. Eric H. Holder, Jr.
Attorney General of the United States
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Dear Mr. Attorney General:

I write to draw your attention to the recent announcement of Wisconsin Governor Scott Walker regarding his intended use of Wisconsin's mortgage settlement funds. Governor Walker stated that he will intercept funds intended as restitution to those harmed by the abusive mortgage practices of the nation's five leading mortgage lenders, and use the funds to plug a hole in Wisconsin's budget. Wisconsin residents are rightly outraged by this effort which undermines the very reason for the litigation against the banks—to compensate victims.

Under the settlement, Wisconsin will receive \$140 million in total, all of which should go to help homeowners who were affected by the wrongful and illegal lending practices of these Wall Street banks. As part of this settlement, Wisconsin will receive \$31.6 million to further assist struggling homeowners. Rather than use the funds as intended, Governor Walker has announced that he will divert \$25.6 million to cover part of the state's budget deficit. This is just plain wrong.

The purpose of going after the perpetrators of mortgage fraud was surely not intended to raise money for state governments. It was to hold the wrongdoers accountable and provide some partial restitution to the victims. Governor Walker's action undermines those goals and adds insult to injury for those families who face the loss of their homes.

As you know, millions of American families have either lost their homes or are in jeopardy of foreclosure. Many of these families were victimized by abusive practices of Wall Street banks. The recent announcement that you and 49 state Attorneys General have entered into a narrow agreement to settle claims against the five largest mortgage lenders is an important step forward. So, too, is President Obama's appointment of New York Attorney General Eric Schneiderman to further investigate widespread industry abuses. I am pleased that the settlement allows for future criminal prosecution and private lawsuits against those who committed crimes. Victimized homeowners deserve to be made whole and preserving these avenues of recourse is important.

As you contemplate further actions to hold accountable other institutions that engaged in illegal, fraudulent, or deceptive practices, I hope that you will keep in mind the actions of Governor Walker and work to ensure that all future monies recovered are directed to those families who were harmed by the mortgage industry abuses. If states are to receive compensation from future settlements, these funds should be required to be used towards helping struggling homeowners and preventing future mortgage fraud.

Thank you for your efforts on behalf of American families who were victims of mortgage fraud.

Sincerely,

A handwritten signature in blue ink that reads "Tammy Baldwin". The signature is written in a cursive, flowing style.

Tammy Baldwin
Member of Congress

Cc: Eric Schneiderman, Attorney General, New York